SUMMARY

It seems that, for commercial LPTV stations especially, defining and targeting, maximizing, and measuring the individual markets are important factors for the viability of the medium overall. While there are some significant improvements shown by this most recent survey, LPTV is still struggling to get stronger cable carriage and better definition and measurement of its markets. Some segments of the medium seem to continue to have a strong local or special market identity and they often maximize that strength. But if the commercial segment of the medium is to increase in its stability, especially during the next few years when the proliferation of programming venues is likely to grow even more, LPTV will need to develop more precise market definitions and measures.

Part Four will discuss the financing and revenue sources for both commercial and non-commercial LPTV stations.

The State of the Low Power Television Industry (Fourth of Four Parts)

-- By Dr. Mark J. Banks, Associate Professor, Slippery Rock University, Slippery Rock, Pennsylvania

This is the final part of a report from the fourth national survey of LPTV stations. The first three parts showed an overall profile of the broadcast service, programming sources and practices, how stations identity their markets and ways that they have measured or solicited information from their audiences. This part reports financial considerations, including advertising, revenues, and stations' costs. It also provides a basic summary of some of the major issues facing the medium, as identified by station respondents. In some instances, comparisons are made with previous national surveys, conducted in 1988, 1989, and 1990.

From Part 3, we discovered that market size in number of households varied widely among low power television stations. That variation is affected by several things - most notably, the very density of the population of a station's service area. Ruban stations in the larger markets serve larger audiences. Moreover, those 67% of the stations carried by cable systems often have their audience numbers extended by that carriage.

It is not surprising, then, that a profile of the financial state of the low power medium would have a wide variance, as well. The data that is provided here gives a rough composite of this diverse medium. Keep in mind also that this data reports only for those stations surveyed. There were several stations out of the reach of this survey so naturally, they are not reflected in these statistics. In effect, these numbers probably represent the most financially healthy segments of the medium.

Although the survey included commercial and non-commercial stations, some of what is reported in this fourth report appropriately represents just the commercial segment of the industry.

GENERAL FINANCIAL CONDITION

Overall, the medium seems to be doing well. Both commercial and non-commercial stations reported average revenues of $240,944 per year. This is an increase over the average of $140,678 per year reported in the 1990 study.

Sixty-one percent of the stations said revenues were flat, bur only 4.6% said their revenues had decreased over the past year. Some 13% did not respond or did not know the answer to this question when surveyed.

Among the reasons why revenues were increasing:

- ✓ More retail outlets in the market
- ✓ Have increased our mailing
- ✓ More people are getting interested in what we are doing
- ✓ Increased emphasis in local programming
- ✓ New management
- ✓ Just added a translator which increased our coverage area
- ✓ Change in our programming focus
- ✓ Better programs
- ✓ We're out selling again
- ✓ We started doing local news

- ✓ We're still a new station in the growing mode
- ✓ The market has grown
- ✓ We have a new marketing approach toward the community
- ✓ We increased our power to 1,000 watts
- ✓ Perseverance
- ✓ Slowly better every year
- ✓ More people like to advertise
- ✓ Adding local sports
- ✓ Cable carriage has increased our market position
- ✓ Community involvement
- ✓ The economy is picking up

Many stations that had a flat revenue said that they were not commercial stations and it was not their intent to increase revenues. For others, reasons included:

- ✓ We aren't heavily promoting
- ✓ We're not operating to make money
- ✓ We just re-opened
- ✓ We're not aggressive in sales of time
- ✓ A stale economy
- ✓ cannot get cable carriage
- ✓ The population is not growing
- ✓ California is in recession

And, for those few stations whose revenues were decreasing, reasons included:

- ✔ We have new management
- ✔ Lack of cable coverage and penetration
- ✔ We had a shift in our focus

Another way to view the revenue picture is to look at the profits for the stations. For the 77 commercial, for-profit stations surveyed, the past year was only fairly profitable. Forty-two percent of the stations said they had a profit in the last quarter, while 49% said they did not. The rest did not give an answer.

SOURCES OF REVENUE

SOURCES	**PERCENTAGE OF STATIONS RESPONDING**
National Advertising	4.3%
Regional Advertising	4.1%
Local Advertising	35.5%
Viewer Fees of Subscription	6.7%
Tax Support	4.6%
Sponsoring Owners	4.2%
Viewer Contributions	6.8%
Other Sources	4.1%

(THE PERCENTAGES ABOVE DO NOT ADD UP TO 100% BECAUSE EACH PERCENTAGE IS AN AVERAGE OF STATION RESPONSES FOR EACH CATEGORY)

By far, for all commercial low power stations, local advertising is the greatest revenue source. The 77 commercial stations were asked which methods they used most often in soliciting advertising. The table below shows the percentage of stations using each of the methods. The percentages add up to more than 100% because several stations use more than one method.

Methods of Selling Advertising

Method	Percentage
Door-to-door sales	53.2%
Telephone sales	31.2%
Local Advertising Agencies	35.1%
National Advertising Agencies	20.7%

Stations were also asked how much they charge for a 30-second commercial spot. Fifty-seven stations reported an average of $154. This is considerably higher than the average $52 reported in the 1990 survey. But these numbers, of course, represent an average across a large diversity of stations.

STATION PROMOTION

Finally, to get an idea how successful stations are in developing their promotions, we asked if they have media kits, and if their programming schedule is listed in the local listings.

Forty-five percent of the stations surveyed have a media kit. This is consistent with the 44% who reported the same in 1990.

A surprisingly large percentage (64%) of the stations said their schedules were listed in local listings, mostly newspapers. We were curious to know if stations had any comments about being listed, whether listed or not. Most stations that are listed are carried freely and regularly in local guides. One person said the listers were "very cooperative". Another indicated that the station was "just barely listed" after a long struggle to get in. Another said they "had to beg". Some have to pay a fee, as much as $50 per month. Others said they were listed, but only on a limited basis, such as Saturdays only, or in an obscure spot of the listing.

Among those not listed, the reasons were varied. The most frequent complaint was that newspapers refused to list them. Some stations made no effort to become listed, with one station admitting that its schedule was too erratic and unpredictable to be listed. Several said they cannot afford the fees for listing. Another station said it made up its program listing and mailed it to households in the market. One station was not listed because they were "not programming now". Another said there was no need for listing because "people know we are there".

MAJOR LPTV ISSUES

At the suggestion of Sherwin Grossman and other members of the CBA, a final question was added to the survey to determine what station owners and managers believe to be the major issues for the LPTV medium.

The responses were:

Raising the power limits of LPTV	34%
Must-Carry Requirement	**31%**
License Protection	31%
Four-Letter Call Signs	**24%**
Better Filing Windows for changes or new stations	8%
Replacing the "Low Power" name with something more positive	**6%**

The responses add up to more than 100% because stations were asked to name more than one issue. Since this survey, the four-letter call sign rules have changed.

SUMMARY

On the whole, the LPTV medium, both in its commercial and noncommercial segments, seems to continue to be economically healthy, although we reiterate the concern mentioned in Part One about the large number of stations we were not able to reach by this survey. Because of that difficulty, there may be some segments of the medium that are doing very well, having established a maturity and stability that this survey reveals, but there may also be segments that are doing very poorly, and either are not on the air, or are functioning strictly as translators while holding the low power license.

At the very least, we can say that the low power television service has grown remarkably in its number of licenses, shows much variety both in programming and in market identity, and has a strong current of stability at least among some of its longer-existing stations. To a limited extent it serves minority ownership that its founders intended. It also shows continued promise as a medium that can serve local markets well with good local programming.

Stations, however, do not seem to yet acquire adequate information about audiences, especially since the large majority of stations are commercial and sell advertising in their local markets. As in 1990, we suggest again that better market definitions and audience measures be developed for this medium.